



U.S. DEPARTMENT OF AGRICULTURE

June 28, 2024

The Honorable Heidi Hedberg
Commissioner
Alaska Department of Health
3601 C Street, Suite 902
Anchorage, Alaska 99503

Dear Commissioner Hedberg:

Today, the U.S. Department of Agriculture (USDA) is releasing the official Supplemental Nutrition Assistance Program (SNAP) overpayment, underpayment, and payment error rates for Fiscal Year (FY) 2023, as required under the quality control (QC) provisions of Section 16(c) of the Food and Nutrition Act of 2008, as amended (the Act).

The SNAP national performance measure (national average payment error rate) for FY 2023 is 11.68 percent. Alaska's payment error rate is the sum of the overpayment rate and the underpayment rate, though these rates may not add up to the exact payment error rate due to rounding.

Alaska's QC error rates for FY 2023 are:

Overpayment Rate	59.59 percent
Underpayment Rate	0.78 percent
Payment Error Rate	60.37 percent

Under the Act, a 2-year liability system is in place, which requires USDA to establish a liability amount when, for the second or subsequent consecutive FY, it determines there is a 95 percent statistical probability that a State's payment error rate exceeds 105 percent of the national performance measure.

On June 30, 2023, Alaska was notified its FY 2022 payment error rate placed it at risk for a financial liability for FY 2023 if USDA determined it were in liability status again for FY 2023 and its error rate was 6 percent or greater. For FY 2023, USDA determined there is a 95 percent statistical probability that Alaska's payment error rate of 60.37 percent exceeds 105 percent of the national performance measure. FY 2023 is the second consecutive year Alaska exceeded 105 percent of the national performance measure. Consequently, a liability amount of \$11,908,656 is being established for Alaska for FY 2023. In accordance with Section 16(c)(8)(C)(iii) of the Act, the Governor and Legislative bodies of Alaska have also been advised of the error rates and the liability amount.

Office of the Under Secretary for Food, Nutrition, and Consumer Services
1400 Independence Avenue, SW, Washington, DC 20250-9600
USDA is an Equal Opportunity Provider, Employer, and Lender

SOA028820

The Honorable Heidi Hedberg

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Please see the enclosed documents for Alaska's Notice of Claim/Bill for Collection for the full liability amount as well as more details about your State's settlement and appeal options.

If USDA determines Alaska's FY 2024 payment error rate has a 95 percent statistical probability that it exceeds 105 percent of the national performance measure for FY 2024, and the rate is 6 percent or greater, a FY 2024 liability amount will be established.

SNAP is a critical lifeline for millions of low-income Americans, providing essential nutrition assistance to help families put food on the table. The Food and Nutrition Service (FNS) remains committed to ensuring the Program operates effectively and efficiently and that eligible participants receive accurate and timely benefits.

Alaska's proper administration of SNAP is essential to ensuring the Program operates efficiently, effectively, and with integrity. FNS will continue working in partnership with you to serve participants and practice good stewardship of taxpayer funds.

Please call your Regional Administrator, Jesus Mendoza, Jr., at (415) 705-1310 with any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'K. Chandran', with a stylized flourish at the end.

Kumar Chandran
Acting Under Secretary
Food, Nutrition, and Consumer Services
U.S. Department of Agriculture

Attachments

**The Supplemental Nutrition Assistance Program (SNAP)
Error Rate Liability Process for FY 2023**

Notification

USDA is required by Section 16(c)(8)(C) of the Food and Nutrition Act of 2008, as amended, (the Act) to notify State agencies of payment claims or liability amounts. The Agricultural Act of 2014 removed USDA's authority to waive any portion of a State's financial liability. On June 30, 2023, your State was notified FNS determined it was in a first-year liability status for FY 2022 and that a liability amount would be established if a liability status was determined again for the FY 2023 payment error rate and the rate was six percent or greater. Your State has been assessed a financial liability for FY 2023 and this document provides your settlement and appeal options to resolve the liability amount.

Settlement Options

Your State has two options to settle the liability amount with FNS. Your State may pay the liability amount in full or your State may designate 50 percent of the liability amount for new investment in FNS-approved activities to improve administration of SNAP and designate 50 percent of the liability amount as at-risk for repayment if a liability amount is established for FY 2024. If your State opts to proceed with the 50/50 settlement option, please sign the FNS-pre signed settlement agreement and electronically mail a copy of the signed agreement to your FNS regional office by September 30, 2024, following requirements at 7 CFR 275.23(e). Please note, new investment plans are due 90 days after signing the settlement agreement, not 90 days after September 30.

Appeal Process

The liability determination and associated amount are eligible for appeal following Section 16(c) of the Act. If a State agency decides to pursue an appeal, it must file a notice of appeal within 10 days of receipt of this notice of liability amount and the enclosed Notice of Claim/Bill for Collection (7 CFR 283.4). However, the statute further provides that this time period may be extended for cause if so determined by USDA's Office of the Administrative Law Judges (OALJ). In accordance with 7 CFR 283.22(f) of the SNAP regulations, a request for an extension must be submitted to the OALJ prior to the original due date.

The notice of appeal or a request for an extension shall be filed with the Hearing Clerk by mail or electronically to U.S. Department of Agriculture, Office of Administrative Law Judges, 1400 Independence Avenue SW; Stop 9203, Room 1031, South Building; Washington, D.C. 20250-9203 or SM.OHA.HearingClerks@USDA.GOV within 10 days of receipt of this notice of liability amount and the enclosed Notice of Claim/Bill for Collection.

If your State files a notice of appeal within 10 days of receipt of this notice of liability amount and the enclosed Notice of Claim/Bill for Collection, its appeal petition providing factual arguments in support of its appeal must be filed within 60 days of receipt of this notice. Should the appeal process result in the State agency signing either the original settlement agreement or a new one, a new deadline for submitting the signed agreements will be provided. See Section 16(c)(8)(D)(ii) of the Act and 7 CFR 275.23(f).

Future Actions

If FNS determines for FY 2024 that there is a 95 percent statistical probability that your State's payment error rate exceeds 105 percent of the national performance measure and the rate is six percent or greater, FNS will establish a FY 2024 liability amount for your State, and, if your State chooses to sign the FY 2023 settlement agreement, your State will be liable for paying FNS the FY 2023 at-risk amount.

BILL FOR COLLECTION

USDA-FOOD AND NUTRITION SERVICE
1320 Braddock Place
Alexandria, VA 22314

Date: June 28, 2024

Payer: The Honorable Heidi Hedberg
Commissioner
Alaska Department of Health
3601 C Street, Suite 902
Anchorage, Alaska 99503

Symbol	Description	Total Amount
121099	FY23 QC LIABILITY	\$11,908,656.00

Make check payable to: USDA - FNS – HQ

Please send payment to: USDA - FNS - HQ
P.O. Box 979027
St. Louis, MO 63197-9000

Payment is due within 30 days of the date of this bill. Interest at 2.0% per annum, computed monthly, will be charged on the unpaid balance, and will accrue from the date of this bill. However, interest charges will be waived on the debt or any portion of the debt paid within 30 days of the original billing.

PLEASE RETURN THIS PORTION WITH PAYMENT

FY 2023 QC Liability
Amount Paid _____

Vendor:

The Honorable Heidi Hedberg
Commissioner
Alaska Department of Health
3601 C Street, Suite 902
Anchorage, Alaska 99503

Mail Payment to:
USDA - FNS - HQ
P.O. Box 979027
St. Louis, MO 63197-9000

Make payment to USDA-FNS-HQ by check, money order. Address inquiries to: USDA - Food and Nutrition Service, FM, Accounting Division, Attn: Filipina Hartwell, 1320 Braddock Place, Alexandria, VA 22302. email: Mfon.Umoh@usda.gov

SOA028823

SETTLEMENT AGREEMENT

The Alaska Department of Health ("State") and the Secretary of Agriculture ("Secretary") agree, as stated in this settlement agreement ("Agreement"), to settle the Supplemental Nutrition Assistance Program ("SNAP") payment error rate liability amount ("Liability Amount"), Federal Fiscal Year 2023 ("FFY 2023"), for the State established pursuant to Section 16(c)(l)(C) of the Food and Nutrition Act of 2008, as amended ("Act"). This Agreement is entered into pursuant to Sections 13(a)(l) and 16(c)(l)(D)(ii) of the Act.

[1] Pursuant to Section 16(c)(l)(C) of the Act, for FFY 2023, the Secretary has established a Liability Amount of \$11,908,656 for the State. Pursuant to Section 16(c)(l)(D)(i)(I) of the Act, the Secretary has determined that \$5,954,328, which is fifty (50) percent of the Liability Amount, be used by the State for new investment ("New Investment Amount"), and determined that the remaining \$5,954,328 is an at-risk amount ("At-Risk Amount") that would be paid to the Secretary in accordance with Section 16(c)(l)(D)(i)(II) of the Act in the following FFY if a liability amount is again established for FFY 2024. The At-Risk Amount is not affected by this Agreement.

[2] The State agrees to invest a New Investment Amount, totaling \$5,954,328, which is fifty (50) percent of the FFY 2023 Liability Amount established for the State, in mutually agreed upon activities for improving SNAP administration within the State. This New Investment Amount shall not be eligible for Federal matching dollars and shall be in addition to the cost of the minimum program administration required by law and regulation. For the purpose of complying with this Agreement, the State may not transfer or borrow funds from existing SNAP operational activities to fund New Investment Activities.

[3] The State shall submit a proposed New Investment Plan to the Secretary within ninety (90) days of the effective date of this Agreement. The New Investment Plan shall state how the New Investment Amount will be expended by the State. The New Investment Plan and any modifications to the plan are incorporated as addenda into this Agreement.

[4] Costs of investment activities funded by the New Investment Amount shall be allocated in accordance with the State's approved New Investment Plan. One hundred percent of the funds invested by the State under this Agreement may be credited as SNAP administrative expenditures so long as the approved activities are aimed at improving SNAP administration, regardless of whether other State programs may also benefit from investments.

[5] Once the State completes an investment expenditure as part of the New Investment Plan, the expenditure is final and not subject to any future adjustment due to subsequent changes in law. In the event that the State fails to make the expenditures necessary to satisfy the terms of this Agreement, or fails to comply in whole or in part with the New Investment Plan required in paragraph [3], the Secretary shall collect from the State the unpaid cash payments or the amount of funds not timely invested according to the New Investment Plan, by withholding such funds pursuant to Section 13(a)(l) of the Act from amounts that would otherwise be payable to the State by the Secretary.

[6] Any monies expended by the State for administrative purposes described in Section 16(a) of the Act that are in addition to, and exceed, the amount of the New Investment Amount stated in paragraph [1] may be eligible for Federal matching funds.

[7] The State shall provide progress reports, as requested by the Secretary, concerning the State's compliance with the terms of this Agreement, the expenditure of funds, and the efforts of the State to improve SNAP program administration.

[8] This Agreement shall constitute complete settlement and satisfaction of all administrative claims and causes of action which have been or could have been asserted by the State against the Secretary, or by the Secretary against the State, relating to the State's Liability Amount (including New Investment Amount) for FFY 2023.

[9] This Agreement shall only affect the State's SNAP error rate Liability Amount for FFY 2023, and shall not affect any liability of the State in future years for exceeding the national performance measure error rate in accordance with Section 16(c)(l)(C) of the Act.

[10] This Agreement may be signed in separate counterparts and shall become effective only upon the signature affixed by the representatives of the Secretary and the State.

[11] If the State does not appeal its FFY 2023 liability amount and enters into this agreement, this Agreement shall be signed by the State and submitted to the Western Regional Office by September 30, 2024.

[12] If the State appeals its FFY 2023 liability amount and it results in the State agency agreeing to this original settlement agreement, a new sign by date will be provided separately.

AGREED:

Date: June 28, 2024

CYNTHIA
LONG

Digitally signed by
CYNTHIA LONG
Date: 2024.06.28
07:25:26 -04'00'

On Behalf of the Secretary:
Cindy Long
Administrator
Food and Nutrition Service

Date: _____

The Honorable Heidi Hedberg
Commissioner
Alaska Department of Health